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Achieving Lean Digital Business

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Lean principles help value flow more effectively by optimizing end to end value streams. But together the Web and digital platforms are creating a huge number of new connections – connections that can be exploited to make value flow faster and transform business models.

We see the word '**lean**' applied to many different disciplines these days – almost always with a positive feeling of speed, efficiency and value. After being coined originally as an abstraction of the underlying principles of the Toyota Production System, the ideas have spread into many different disciplines – lean manufacturing, lean services, lean development – even lean start ups.

The fundamental intent of lean thinking is to focus on maximising customer benefits while limiting waste. That's basically it. Hard to believe that something so obvious can be so transformational. When practised appropriately, however, lean disciplines have been shown to deliver significant benefits in multiple dimensions; for example customer value, cost of delivery, speed, productivity, innovation, quality and environmental impact can all be significantly improved.

In order to achieve these benefits, however, lean thinking requires a cross-disciplinary model which breaks down silos and focuses on the optimisation of all of the assets and resources needed to deliver specific and well understood value to a customer. In this context technologies, information resources, physical assets, human capital etc are viewed as integral components in realising an holistic outcome and not as separate functions to be optimised individually. The aim is always to achieve concrete value from the customer's perspective by aligning the optimum collection of assets to achieve it with the minimum of waste.

From the website of the Lean Enterprise Institute the benefits of lean include:

"Eliminating waste along entire value streams, instead of at isolated points, creates processes that need less human effort, less space, less capital, and less time to make products and services at far less costs and with much fewer defects, compared with traditional business systems. Companies are able to respond to changing customer desires with high variety, high quality, low cost, and with very fast throughput times. Also, information management becomes much simpler and more accurate."

From reading this paragraph it is clear that there are many potential benefits to the lean approach. At RunMyProcess lean is a philosophy we deeply adhere to both in our own work and in the way we seek to support our customers in breaking down silos and destroying the waste and inefficiencies that come from a lack of integration.

At the same time, however, applying lean thinking to services – and in particular to business models and architectures – has always been a more tricky proposition than applying it to manufacturing. While many organisations have successfully done so to great effect, the ephemeral nature of such concepts don't lend themselves as easily to the necessary visualization and management as do processes involving physical goods (i.e. both value and the components used to deliver it are often far less concrete). With the emergence of the Web, Cloud and APIs, however, we are seeing organisations becoming digital to the core – and such digitization offers outstanding opportunities to apply lean principles to our intangible business models and architectures using platforms like RunMyProcess to deliver both the necessary component services and the overall flow of value.

The Five Core Principles of Lean Success

Before I go into the way in which we can apply lean to our increasingly digital businesses I want to recap on the central principles that underpin the approach. There are five foundational principles that define the lean thinking approach:

1. **Identify Value** – The starting point is to recognize that only a small fraction of the total time and effort in any organisation actually adds value for the end customer;
2. **Map the Value Stream** – The Value Stream represents the end-to-end process that delivers the identified value to the customer;
3. **Create Flow** – Eliminating non-value adding and wasteful activities creates a clearer field of operation and allows us to focus on optimising the "flow" of value to customers without interruptions, detours or waiting.
4. **Establish Pull** – Eliminating waste and inventory ensures that value is 'pulled' according to customer demand and that we only produce what the customer wants when the customer wants it.
5. **Seek Perfection** – Creating flow and pull gives us new models to visualise value both in each process step and as an end to end flow. This should be used to constantly look for optimisations in the way in which value is delivered to customers.

Let's now move on now and look at the application of each of these principles in the context of the emerging digital business ecosystem, along with the support that RunMyProcess can offer.

Identify Value

One of the key tenets of lean thinking is to start with value from the perspective of the customer and then ruthlessly line up everything to deliver this value as effectively as possible. This is an external facing view that considers the customer's experience holistically and contrasts markedly with internal facing views that have traditionally concentrated on product push and efficient production. This is also the intent of Fujitsu's vision of a 'Human Centric Intelligent Society' – that is personal, business and societal services oriented around the needs of the consumer rather than around the needs of the industries and government structures that have traditionally existed to manage resources efficiently.

In support of these changes we already see a range of capabilities that are more easily accessed from the Cloud than in house, whether these are IT infrastructure services, software as a service, business process services or even complete business capabilities. In many cases these services are growing at huge rates because their value is clear. Furthermore the prevalence of APIs in such modern services means that their value is not only well defined but also inherently 'composable' – that is all of these services can be integrated via APIs to form aspects of a company's value stream without a huge initial investment in assets, resources or skills.

In the emerging digital ecosystem, therefore, well designed APIs can help to clearly encapsulate an organisation's capabilities and deliver a new view of business boundaries that provides the opportunity for cross-functional teams to cluster, optimise outcomes and strip out unnecessary waste and coordination overheads. Furthermore each of these capabilities becomes a valuable service in its own right and needs to be treated as both a product and a platform on which customers build their own higher level value.

In this context platforms like RunMyProcess can help by supporting the rapid integration of previously siloed infrastructures, software, processes and people within new cross-functional capabilities and by allowing the simple exposure of these new capabilities to the rest of the organisation (or the wider Web) as dynamic APIs for further composition.

Map the Value Stream

Having established the potential of APIs and capabilities to help us define value we can now turn our attention to how our various capabilities can be composed into an efficient value stream.

Using the abstractions provided by an outcome-centric view of our digital business capabilities we can consciously examine how our value stream flows across this web of APIs and services. Furthermore we can do this without being overwhelmed by the differences in service granularity or the complex details about how each outcome is actually delivered by its capability owner.

Equally significantly, however, this process also helps us to start identifying – explicitly – those digital capabilities which represent significant value to our customers (i.e. our "core" or "specialised" capabilities) and those unimportant capabilities which we have traditionally had to execute in house merely due to a lack of alternatives. This can drive significant value for the customer – and in turn the organisation itself – by highlighting systematic sharing or outsourcing opportunities that can be undertaken to optimise the overall value stream. Such reconfigurations of the value stream are simplified by the availability of APIs that enable us to replace elements of our value stream with more appropriate digital services provided by internal or external service providers, removing waste, improving quality and reducing costs.

In this context platforms like RunMyProcess can help by supporting the rapid composition of many independent services to form visible, controllable and measurable value streams. These digital value streams complement our digital capabilities and enable a new focus on our core value, an ability to optimise delivery and the destruction of waste at the macro level.

Create Flow

The process of achieving flow is one of identifying and removing points of delay, waste or failure from value streams and ensuring that value 'flows' seamlessly and efficiently to the end customer.

By gaining a clear view of the value delivered by each of our digital capabilities – coupled with an ability to clearly compose them into concrete value streams – we set the stage for our new cross discipline teams to clearly see the

causes of any problems or blockages that frustrate their ability to deliver the necessary value to their customer (whether this is the ultimate value or an intermediate result which enables it). Unlike traditional organisational structures in which frequent handovers and misaligned objectives between functional groups create delays, interruptions and failure, the delivery of cross-functional groups aligned to specific value means that we are wholly focused on ensuring the optimal flow to realise the outcomes required. Each cross-discipline team in an organisation effectively has a clear responsibility for one or more outcomes placed on them by their APIs and supporting documentation, driving a clear scope for improvement.

In the context of flow, platforms like RunMyProcess can help in multiple dimensions. Firstly by providing a shared platform for the physical encoding of distributed value stream they are in a position to report on the way in which value flows and to highlight steps dogged by delays, failure and interruption. Secondly by enabling the integration of heterogeneous assets within a capability they remove sources of interruption or hand off by ensuring that value continues to flow. Finally – and probably not insignificantly – platforms like RunMyProcess remove the friction of dealing with traditional IT and technology provision – a constant source of delay, interruption and failure. RunMyProcess enables organisations to capture their value, monitor their flow, adapt their value streams and scale seamlessly without any interruption or failure – essentially the technology has disappeared and simply becomes an integral part of the fabric of the business.

Establish Pull

The purpose of pull is to eliminate the waste caused by producing value when it has not been requested by a customer. Such disconnected production creates inventory – whether physical, digital or existential – that needs to be stored, managed and often written off if it proves to be unnecessary. This creates huge amounts of waste. Furthermore pull-based business models are becoming a critical enabler of success in the new digital economy – as consumers have access to services from any location and from any device they increasingly want to have their value delivered as and when they want to receive it and at the cheapest possible cost.

Digitised business capabilities are a natural vehicle for the implementation of pull-based business models as they enable requests for the delivery of value in real time via APIs. This already encourages each capability within our value stream to think about how to respond to pull in real time rather than to plan and produce large batches of inventory for periodic pushing to customers and partners. Furthermore as we respond to pull requests we implicitly gain insight into the ideal batch size for production and can use both real time and historical data to drive more effective scheduling and just in time production – whether this scheduling is for physical production, human capital commitments or digital resource creation and distribution. When this is coupled with a clearer understanding of outcomes we can see that re-organising around value-based capabilities helps us to inherently configure our businesses for real-time exchange of pull requests across all of the participants required to deliver value.

In this context cloud platforms like RunMyProcess can help by enabling the creation of secure, scalable and on-demand business processes whose results can be pulled by service consumers via APIs. In addition these explicit business processes can also pull value from dependent services in turn to support the creation of highly efficient value streams and eliminate delays, points of inventory creation and waste at the macro level. Furthermore the use of a cloud platform is itself a critical step for organisations as they shift to pull-based, digital business models; traditional IT approaches call for large commitments of capital and the creation of 'inventory' across the whole value stream in the form of repeated purchases of technology, excess capacity and isolated information stores that cannot be easily shared by distributed capabilities. By shifting to a cloud based platform organisations can instead 'pull' the necessary enabling resources to support the execution of their business specialisation, reducing waste, capital commitment and non-value-adding management overhead.

Seek Perfection

In rethinking the structure of our organization using digital capabilities and APIs we have identified value, specified what value means in terms of metrics and outcomes and then given ownership of this value to a cross-discipline team. Such teams therefore have the mandate and scope to continuously strive for perfection within a well scoped area of concern.

Equally importantly, however, by separating value outcomes from internal implementation issues the capabilities thus defined provide a form of stability towards the outside world which facilitates the search not just for local perfection (in terms of the way in which capabilities deliver their defined value) but also for macro level perfection (in terms of the way in which we combine capabilities into value streams). By delivering a more stable view we essentially create a context for local innovation within each capability while also generating a wide range of new perspectives from the combined efforts of all participants that can accelerate innovation across the end to end value stream. This can open the door to the benefits of large scale institutional innovation – sustained, collaborative and relentless pursuit of improvement and new

opportunities across a whole value stream.

In the context of perfection, platforms like RunMyProcess can help in multiple dimensions. Firstly by enabling rapid integration and reconfiguration of processes they can move us towards better and more cross-functional implementations of the way in which we deliver value. Secondly the monitoring and reporting capabilities of such a platform can enable us to track performance and strive for continuous improvement in the way in which we deliver local outcomes. Thirdly we can use platforms like RunMyProcess to integrate, monitor and reconfigure end to end value streams on an ongoing basis – enabling us to implement macro scale innovation across capability boundaries. Finally platforms like RunMyProcess eliminate a large barrier to achieving perfection – that is the friction of dealing with traditional IT and technology provision – a frequent source of failure and often a barrier to the timely implementation of change, especially as the scale of change increases or becomes more distributed.

Summary

Today's organizations are frequently challenged by rapidly changing business environments, since customer expectations, business models and technologies are constantly in flux. To navigate these challenges, critical business processes have to be available for immediate execution 24/7 while also increasingly spanning system, departmental and organizational boundaries. Achieving such continuity requires us to clearly understand our value streams and the way we deliver and optimize customer value – and lean principles can help us to achieve this using principles that have been tested in other contexts. Although the application of these principles has often been difficult in the context of services, the current shift to digital business – underpinned by the web, cloud and APIs – provides us with huge opportunities to use them to pursue customer-centric, digital business transformation. Furthermore, platforms such as RunMyProcess can enable seamless integration of information across a complex web of internal and external assets, systems and resources, eliminating delays and errors, eradicating needless manual intervention and overcoming the unavailability of legacy systems. In doing so it can help organizations to thrive – using a proven set of principles supported by a platform which is responsive, cost effective and scalable in their implementation.